2 Growth Stocks Perfect for a Millennial TFSA

Description

Millennials can afford to take more risks with their capital. Unlike their Baby Boomer counterparts, millennials have all the time in the world to make up for big investment losses.

Just because millennials are able and willing to take on more risk for potentially more reward, however, doesn't mean that it's justifiable to place bets on speculative investments like Bitcoin. Young investors can take on more investment risk, but risks from short-term speculation are never a good idea if you're not one to spin the roulette wheel.

Without further ado, here are two wonderful growth stocks that can provide above-average growth over time, making them worthy TFSA candidates for those with long-term investment horizons.

Constellation Software (TSX:CSU)

The diversified software company doesn't get nearly the amount of respect it deserves from the financial media. The $25.5 billion company has been clocking in incredibly high ROE numbers on a consistent basis thanks in part to the exceptional stewards who've made a killing acquiring software startups (and other smaller software companies), and hanging onto them for prolonged periods.

Constellation was founded by a former venture capitalist Mark Leonard, and to this day, the company has continued to scale up and grow with the mindset of a venture capitalist.

Now, as you may be aware, venture capital comes with a higher degree of risk, but the rewards can be astronomical if "the next big thing" is bought up early on. The odds of finding a winner in the venture capitalist and private equity world are increased dramatically if you've got exceptional stewards with proven track records of creating tremendous long-term value.

With Constellation, you're getting seasoned vets who are fully capable of tilting the risk-reward trade-off in the favour of shareholders. Managers have a long-term mindset, a knack for spotting small-cap tech firms with promise, and a proven track record of producing outsized returns over time.

Millennials with room in their TFSAs should strongly consider scooping up shares of Constellation if they're at all enticed by the potential for amplified gains made possible by private equity and tech venture capital investments.

Spin Master (TSX:TOY)

The fast-rising toy company was making huge waves in its industry just over a year ago, creating innovative hits, winning awards and delivering huge EPS numbers on a consistent basis.

Oh, how times have changed. The bankruptcy of U.S. Toys "R" Us locations wreaked havoc on the entire toy industry, dragging down Spin Master after the name had picked up a considerable traction.

While Spin Master has suffered been on a bit of a tailspin of late (shares are currently down 28% from their highs), there are numerous reasons to believe that the name is a wonderful buy on the dip for contrarian investors with a long-term mindset who are able to see past the medium-term pressures caused by the vast void that's been left behind by Toys "R" Us.

Yes, it'll take quite a while longer for retailers to fill the Toys "R" Us void, but Spin Master is a top candidate to come roaring out of the gate once the industry-wide headwinds gradually subside.

Spin Master has a rock-solid balance sheet that'll allow for the pursuit of opportunistic acquisitions as they come along. As we head into the latter part of the year, I do expect that Spin Master will become more active on the M&A front.

Moreover, Spin Master still has its innovative and creative spirit that'll allow the company to yield more blockbuster products from its product development pipeline. With a robust portfolio of top-tier assets in the industry and an ecosystem with some of its brands like Paw Patrol, Spin Master is a heck of a growth play that's priced more like a value play.

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